
**Guidelines for Differentiated Pay Plans
Public Chapter 376**

The Background:

To fulfill the requirements of Public Chapter 376, Section 5, the State Board of Education has developed guidelines for the establishment of differentiated pay plans by LEAs. The development of such differentiated pay plans shall be in compliance with TCA §49-5-611.

The proposed guidelines articulate that all LEAs should move through three stages in the decision making process before submitting such plans to the Tennessee State Department of Education for approval.

- a) Adhere to a shared set of overarching principles
- b) Determine LEA's specific needs
- c) Customize a local solution based on the identified areas(s) of need.

The Master Plan Connection:

This agenda item focuses on the Board's *Master Plan* goals of effective teachers and resources sufficient to achieve the vision to ensure high quality instruction in Tennessee's K-12 schools.

The Recommendation:

SBE Staff recommends adoption of the guidelines on final reading.

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- a) Adhere to a shared set of overarching principles
- b) Determine LEA's specific needs
- c) Customize a local solution based on the identified areas(s) of need.

Adhere to a shared set of overarching principles:

The Department of Education shall apply the following principles in the review and approval of differentiated pay plans.

- Funding for differentiated pay plans should be budgeted, continual and approved in advance by the local board of education;
- Funding for differentiated pay plans must not come at the expense of a competitive base salary for all teachers;
- High need schools and high need fields should receive priority, rewarding quality teachers who are willing to teach in high need schools;
- Any performance component should not include numeric or percentage limits on the number of teachers who can receive an award;
- Any performance compensation component of a differentiated pay plan shall be based on gains in student academic achievement;
- Any performance component shall be criterion-based so that everyone meeting a previously agreed-upon standard earns that award;

Determine LEA's specific needs:

LEAs shall follow a data-driven decision making process related to their areas of need.

Appropriate data sources to determine need shall include but not be limited to:

- achievement on state and national performance indicators,
- staffing vacancies,
- teacher recruitment and retention,
- school free/reduced priced lunch percentages.

Submitted plans should address one of the following areas of need.

- Recruiting teachers to hard to staff schools
- Recruiting new teachers
- Filling LEA specific academic shortage areas
- Retaining effective teachers

Customizing a local solution based on the identified areas of need

LEAs should adhere to the following guidelines when developing differentiated pay plans, based on needs established through data analysis and a set of shared overarching principles. Plans must be submitted annually and approved by the Tennessee Department of Education.

Recruiting teachers to hard to staff schools

- Approved plans may include, but not be limited to, loan forgiveness strategies, fellowships, pay supplements, and/or signing bonuses.
- Supplements should be enough to make a difference to teachers (i.e. in the thousands, not hundreds of dollars).
- The plan should make it more likely that LEAs will be able to recruit qualified individuals into high-need schools and fields based on data-driven determinations of need as reviewed by the LEA.

Guidelines for recruiting new teachers to Tennessee

- Approved plans may include loan forgiveness strategies, fellowships, and/or signing bonuses.
- The plan should make it more likely that LEAs will be able to recruit qualified individuals into high-need fields based on data-driven determinations of need as reviewed by the LEA.

Filling LEA specific academic shortage areas

- Approved plans may include pay supplements and/or signing bonuses.
- The plan should increase the likelihood that LEAs will recruit qualified individuals into high-need fields based on data-driven determinations of need.
- Supplements should be enough to make a difference to teachers (i.e. in the thousands, not hundreds of dollars).

Retaining effective teachers

- Approved pay plans may include pay supplements;
- Supplements may include a performance component;
- Supplements should be in the thousands, not hundreds of dollars – incentives significant enough to make a difference to teachers.
- Other programs such as, but not limited to, reduction in class load or class size.

Public Chapter 376

SECTION 5. Tennessee Code Annotated, Section 49-1-302(a) , is amended by adding the following language as a new, appropriately designated subdivision:

() Develop guidelines for the establishment by LEAs of differentiated pay plans, including plans which offer bonuses, including performance bonuses, that are supplemental to the salary schedules required under §49-3-306. Such plans shall address additional pay for teaching subjects or teaching in schools for which LEAs have difficulty hiring and retaining highly qualified teachers. The state board of education shall develop the guidelines by December 31, 2007.

SECTION 6. Tennessee Code Annotated, Section 49-3-306, is amended by adding the following language as a new, appropriately designated subsection:

() Notwithstanding any other provision of this section to the contrary, an LEA shall develop, adopt and implement a differentiated pay plan under guidelines established by the state board of education and in compliance with §49-5-611 to aid in staffing hard to staff subject areas and schools and in hiring and retaining highly qualified teachers. Such plan shall be reviewed and evaluated annually to consider any change in circumstances regarding the hiring and retention of highly qualified teachers in the LEA's schools and subjects taught or any necessary revision or restructuring of the plan. No plan or revised plan shall be implemented prior to approval of such plan by the department of education. Each LEA shall implement a differentiated pay plan prior to the beginning of the 2008-2009 school year.